

the county within which the city is located has an operative sales and use tax ordinance enacted pursuant to this part.

(5) A provision that the storage, use or other consumption of tangible personal property, the gross receipts from the sale of which has been subject to sales tax under a sales and use tax ordinance enacted in accordance with this part by any city and county, county, or city in this state, shall be exempt from the tax due under this ordinance.

(6) A provision that the amount subject to tax shall not include the amount of any sales tax or use tax imposed by the State of California upon a retailer or consumer.

(7) A provision that there are exempted from the computation of the amount of the sales tax the gross receipts from the sale of tangible personal property to operators of aircraft to be used or consumed principally outside the city in which the sale is made and directly and exclusively in the use of the aircraft as common carriers of persons or property under the authority of the laws of this state, the United States, or any foreign government.

(8) A provision that, in addition to the exemptions provided in Sections 6366 and 6366.1, the storage, use, or other consumption of tangible personal property purchased by operators of aircraft and used or consumed by the operators directly and exclusively in the use of the aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government is exempt from the use tax.

(i) For purposes of this section, "revenue exchange period" means the period on and after July 1, 2004, and before the first day of the first calendar quarter commencing more than 90 days following a notification to the board by the Director of Finance pursuant to subdivision (b) of Section 99006 of the Government Code.

M. Amendment of Section 7203 of Revenue and Taxation Code. In lieu of the provisions of Section 19 hereof amending Section 7203 of the Revenue and Taxation

Code as set forth above, Section 7203 of the Revenue and Taxation Code is amended to read in its entirety as follows:

7203. (a) The use tax portion of any sales and use tax ordinance adopted under this part shall impose a complementary tax upon the storage, use or other consumption in the county of tangible personal property purchased from any retailer for storage, use or other consumption in the county.

(b) That tax shall be at the rate of 11/4 percent, *and on and after the end of the revenue exchange period at the rate of three-quarters of 1 percent*, of the sales price of the property whose storage, use or other consumption is subject to the tax and shall include:

(a 1) Provisions identical to the provisions contained in Part 1 (commencing with Section 6001), other than Section 6201 insofar as those provisions relate to the use tax, except that the name of the county as the taxing agency enacting the ordinance shall be substituted for that of the state (but the name of the county shall not be substituted for the word "state" in the phrase "retailer engaged in business in this state" in Section 6203 nor in the definition of that phrase in Section 6203).

(b 2) A provision that all amendments subsequent to the date of such ordinance to the provisions of the Revenue and Taxation Code relating to the use tax and not inconsistent with this part shall automatically become a part of the ordinance.

(c 3) A provision that the storage, use or other consumption of tangible personal property, the gross receipts from the sale of which has been subject to sales tax under a sales and use tax ordinance enacted in accordance with this part by any city and county, county, or city in this state, shall be exempt from the tax due under this ordinance.

(d 4) A provision that the amount subject to tax shall not include the amount of any sales tax or use tax imposed by the State of California upon a retailer or consumer.

(e 5) A provision that, in addition to the exemptions provided in Sections 6366 and 6366.1, the storage, use, or other consumption of tangible personal property, other than fuel or petroleum products, purchased by operators of aircraft and used or consumed by the operators directly and exclusively in the use of the aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States or any foreign government is exempt from ~~80 percent of the use tax, and on and after July 1, 2004, until the rate modifications in subdivision (a) of Section 7203.1 cease to apply, exempt from~~ 75 67 percent of the use tax.

(c) For purposes of this section, "revenue exchange period" means the period on and after July 1, 2004, and before the first day of the first calendar quarter commencing more than 90 days following a notification to the board by the Director of Finance pursuant to subdivision (b) of Section 99006 of the Government Code.

N. Amendment of Section 7203.1 of Revenue and Taxation Code. In lieu of the provisions of Section 20 hereof amending Section 7203.1 of the Revenue and Taxation Code as set forth above, Section 7203.1 of the Revenue and Taxation Code is amended to read in its entirety as follows:

7203.1. (a) Notwithstanding any other provision of law, during the revenue exchange period ~~only~~, the authority of a county or a city under this part to impose a tax rate as specified in an ordinance adopted pursuant to Sections 7202 and 7203 is suspended, and the tax rate to be applied instead during that period under any ordinance as so adopted is the applicable of the following:

(1) In the case of a county, *three-quarters of 1 percent.*

(2) In the case of a city, ~~three-quarters~~ *one-half of 1 percent.*

(b) Notwithstanding any other provision of law, on and after the end of the revenue exchange period, the authority of a county or a city under this part to impose a tax rate as specified in an ordinance adopted pursuant to Sections 7202 and 7203 shall be limited to the following:

(1) *In the case of a county, a tax rate not to exceed three-quarters of 1 percent.*

(2) *In the case of a city, a tax rate not to exceed one-half of 1 percent.*

(b c) For purposes of this section, "revenue exchange period" means the period on and after July 1, 2004, and before the first day of the first calendar quarter commencing more than 90 days following a notification to the board by the Director of Finance pursuant to subdivision (b) of Section 99006 of the Government Code.

(e d) Subdivisions (a) ~~and (b) is a~~ *are* self-executing provisions that operates without regard to any decision or act on the part of any local government. A change in a local general tax rate resulting from ~~either the rate limitations applied by subdivisions (a) or the end of the revenue exchange period~~ *and (b)* is not subject to voter approval under either statute or Article XIII C of the California Constitution.

(d e) Existing sales and use tax exchange and revenue sharing agreements, entered into prior to the operative date of this section, between local governments or between local governments and nonlocal governments shall be deemed to be ~~temporarily~~ modified to account for the reduction in sales and use tax revenues resulting from this section, with those reduced revenues to be replaced *with property tax revenues* as ~~may~~ otherwise be provided by law.

SECTION 22. Effective date. The California Home Rule Amendment and all provisions thereof, unless otherwise expressly herein provided, shall take effect and become operative on the date the Secretary of State certifies the results of the election at which the California Home Rule Amendment was approved.

SECTION 23. Further implementation. The Legislature shall pass all laws necessary to carry out the provisions of the California Home Rule Amendment.

SECTION 24. Amendment. The California Home Rule Amendment may be amended only by a vote of two-thirds of the membership of both houses of the Legislature. All amendments to the California Home Rule Amendment shall be to further the California Home Rule Amendment and must be consistent with its purposes.

SECTION 25. Liberal construction. The provisions of the California Home Rule Amendment shall be liberally construed to effectuate its purposes of providing an adequate, reliable, and guaranteed source of funding to cities and counties to finance public safety, public health, parks, libraries, street maintenance, housing, economic development, and other vital community services.

SECTION 26. Conflict with competing measure. In the event that another measure ("competing measure") appears on the same ballot as the California Home Rule Amendment which seeks to adopt or impose provisions or requirements that directly conflict with the provisions or requirements contained in the California Home Rule Amendment, then the voters hereby expressly declare their intent that if both the competing measure and the California Home Rule Amendment receive a majority of affirmative votes cast, and if the California Home Rule Amendment receives a greater number of affirmative votes than the competing measure, the provisions or requirements of the California Home Rule Amendment shall prevail over the conflicting provisions or requirements of the competing measure.

SECTION 27. Severability. If any provision of the California Home Rule Amendment, or part thereof, is for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of the California Home Rule Amendment are severable.